

Thailand under Thaksin: a regional and international perspective

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This paper is an attempt to understand the recent politics of Thailand within a regional and international perspective. But first let me give you a local interpretation on what has happened recently in Thai political arena, particularly with the rise to power of the telecom tycoon, Thaksin Shinawatra, at general elections in 2001.

The consensus interpretation of Thai politics in writings over the last decade is a story about the qualified success of democratization following half a century of military rule. In this view, the student revolt of October 1973 broke the back of military dictatorship and began a gradual process of pushing the military back to the barracks and crafting new institutions of representative democracy. Several forces contributed to this process.

First, the student rebels of 1973 pioneered the development of a new civil society which, by the 1990s, ranged from academics and intellectuals through to local grassroots activists. This civil society mobilized people on the streets at critical points — especially in 1992 — but also pressed for a liberal-democratic agenda which included a fully sovereign parliamentary system, protection of human rights, decentralization of power, media freedom, and more equitable economic policy.

Second, after the divisive Cold War politics of 1973-6, powerful segments of the Thai elite recognized the danger of continuing military dictatorship, and helped to orchestrate a gradualist trend of democratization.

Third, business also supported democracy for two main reasons. On the one hand, big business leaders resented the monopolies, distortions, and corruption of the military era. On the other hand, they feared the economic consequences of political crises — for example the violent quelling of street demonstrations in 1992 which led to capital flight and a boycott of Thai goods by European consumers. The tycoons came to believe democracy would achieve the internal social and political peace and external good relations which would help business flourish.

As a result of these three forces combined, the generals reluctantly stepped backwards. An electoral parliament took over. The press overturned dictatorial controls and could boast of being perhaps the freest press in Asia. The civil society seemed so vibrant that the 1999 session of the triennial International Conference of Thai Studies made “civil society” its theme. In the mid 1990s, civil society activism began to directly shape government policy: economic planners embraced “people-centered development”; the interior ministry, which had refused to accept even the concept of decentralization a few years earlier, was forced to embrace a dramatic reorganization of local government; senior activists prepared major reforms of health, education, and social provision.

The climax of this story was the so-called “People’s Constitution” of 1997 which catalogued human rights, established a range of new institutions to check the abuse of

power, set out roadmaps for decentralization, media reform, and other items on the activist agenda, and even included some provisions for direct democracy.

Despite some obvious problems, especially the ever-widening gap between rich and poor and the tendency for politics to be dominated by construction contractors, the analyses of Thai politics from the last fifteen years are all about democratization and widening political space (e.g., Hewison 1997; Pasuk and Baker 2002; Connors 2003).

The reversal of this trend since the election of the Thai Rak Thai government of Thaksin Shinawatra in February 2001 has been dramatic. This government has been accused of being authoritarian and dictatorial. The media have been suppressed and manipulated. Several reports, local and international, have criticized the abuse of human rights. Military figures have reappeared in the political front line.

The big question is: why this big change? In our recently published book (Pasuk and Baker 2004), we explain this from a very local perspective. Basically we argue that big business, feeling threatened by both globalization and democratization, has seized the state in order to manage both these forces. The 1997 crisis made globalization suddenly appear as a threat to local tycoons. The democratic wave of the 1990s empowered a lot of new groups and agendas which competed against business for national resources, and prompted business to reassess its earlier support for democratization. This paper will explore the non-local context and implications of this argument.

Thaksin and a 'mainland Southeast Asia model'

One way to understand this new direction in Thai politics is through comparison with Malaysia and Singapore.

The parallels and linkages are many. Thaksin has openly expressed his admiration for both Mahathir Muhamed and Lee Kwan Yew. He has said he would like a parliament like Singapore where an opposition exists to give the state democratic credentials, but is too small to have any effect. He is openly striving to achieve an effective one-party state. He aims to win 400 of the 500 seats at the next election (by February 2005) which would make parliamentary opposition ineffective. (The opposition needs at least 1/5th of the parliament to file a no confidence motion against a minister, and 2/5ths against the prime minister). To that end, the Thai Rak Thai party has been absorbing smaller parties on what is a modified version of the UMNO model. He has predicted that this one-party rule will prevail for at least 20–25 years, similar to the terms of Mahathir and Lee.

In a generous touch, he has said his party would then stand down out of sympathy for opposition politicians who have nothing to do and political journalists who have nothing to write about.

Also as in Malaysia and Singapore, he has justified this one-party rule as necessary in order to achieve a great leap forward of economic growth into first world status. Indeed, he uses Malaysia as the yardstick for comparison. He has boasted that Thailand could achieve in eight years what Malaysia plans to do in twenty.

Like Malaysia and Singapore again, he has used a mixture of state power and intimidation to suppress opposition in the media, and to micro-manage the news content to be favorable to the government and his party. Public opponents have been subject to harsh political criticism. His regime has also begun to use the legal system to harass critics. One of his family companies has just sued an NGO activist for damages

equivalent to 2,777 years of her salary.

Also like Mahathir and Lee, he has tried to stir up nationalism. His party's name, Thai Rak Thai or Thais Loving Thais, has an implicit nationalist message, as do the party's symbols and slogans. A little in the mould of Mahathir, Thaksin has deliberately been aggressive with foreign journalists and UN agencies, positioning himself as the defender of national sovereignty against residual colonial tendencies. Most famously, he responded to criticism of his human rights record by saying "the UN is not my father."

Finally, like Mahathir and Lee, he openly aspires to be a leader of the region — or, at least, to convince the Thai audience that he already is such a leader to some extent.

Ostensibly then, Thailand seems to be aligning to a "mainland Southeast Asia model" of virtual one-party and one-man rule. In this model, the leader appeals to the people's aspirations for economic growth, and to their insecurity about their country's position in the world. This might be a model of a rational response to achieving economic growth within the context of globalization. But the Thai version differs in two important ways which may be attributable to time or place.

Varieties of populism

First, Thaksin has advocated a form of populism which explicitly challenges the ideals of democracy and the rule of law.

While UMNO Malaysia and PAP Singapore might manipulate democratic and legal institutions, they embrace the ideal of democracy and treat the rule of law as an instrument in the state's favor (or at least they try to appear so).

Thaksin studied jurisprudence, and his PhD thesis is about the rule of law (Thaksin 1979). But in the election campaign which brought him to power, he argued that law was often an obstacle which prevented political leaders from solving problems.

When he was subsequently charged with making false asset statements at the time he was a minister in the mid 1990s, his opposition to the idea of legal process became more explicit. After his narrow acquittal, he said:

It's strange that the leader who was voted by 11 million people had to bow to the ruling of the National Counter Corruption Commission and the verdict of the Constitutional Court, two organizations composed of only appointed commissioners and judges, whom people do not have a chance to choose. This is a crucial point we have missed. (*Bangkok Post*, 5 August 2001)

From this point onwards, he presented himself as a leader in two ways. The first was as a man who could get things done, like a business manager, despite all the obstacles, including laws and institutions based on abstract principles. Discussing the corruption laws, he said:

What kind of political figures do you want to solve the nation's problems? If you say that for the nation to survive they must be pure from the beginning and not have done anything at all, then they have to administer the country and solve the nation's problems without any experience. For that you pass one kind of [anti-corruption] law. But if you say the people to administer the country must have experience and abilities like the criteria used by companies when selecting a company president—namely knowledge, ability and experience—then the law must be of another type. So to write a law, we must ask what kind of political figures are wanted. (Thaksin 2001)

The second way he presented himself was as a man working for “the people”. During the asset case, he said:

The people want me to stay and the people know what’s right for Thailand. And who should I be more loyal to? The people? Or to the Court? I love people. I want to work for them. (*Time*, Asia edition, 13 August 2001, 19)

On similar grounds, he rejected the competitive principle at the heart of the “Westminster model” of parliamentary democracy. As he was working “for the people”, then any opposition to him was “against the people” and hence illegitimate. As he had only the people’s benefit as his goal, then any opposition to him must be based on some private interest or evil purpose. At a conference of Asian political parties, he argued that parliamentary opposition was anti-people:

Upon coming to office, many ruling parties try to do all they can to hang on to power, while those in the opposition try their utmost to topple the government and assume power themselves. Virtually anything initiated by the government is resisted by such opposition without considering whether the government’s actions are in the best interests of the people. *Such adversary politics may not be for the best interest of the people. On the contrary, it may be a betrayal of our social contract to the people.* (Thaksin 2002, emphasis in original)

Thaksin was appealing to a strong tradition in Thai political culture (reflected elsewhere in the region, too) that an effective leader is one who can rise above the law. The absolute monarchs who ruled Thailand until 1932 were above the law. The military dictators who succeeded the absolute monarchy effectively continued this tradition. Local politicians gather followers by demonstrating that they have the “influence” to act above and beyond the law, and that they thus will be efficient patrons. The colloquial term for such local leaders in Thai is *jao pho* which translates literally as “godfather.” But the origin of the term is not the Hollywood mafia model. Rather it is a term for local spirits with supernatural powers. In its Thai meaning, it captures the idea of being above the law.

Thaksin draws on this tradition. Take a trivial but revealing example. When he recently bought a new BMW, he had the police block a portion of an expressway so he could drive it himself way above the legal speed limit. The local press reported the incident in awed tones.

More seriously, Thaksin’s leadership style (his spokesman refers to him as “action man”) consciously recalls earlier military dictators, especially Field-Marshal Sarit Thanarat. Indeed, during Thaksin’s anti-drug campaign in 2003, one popular monk (Luang Pho Koon) drew the comparison between Thaksin and Sarit, and at the same time gave approval to a campaign which clearly ignored the law. The monk said:

It’s good you were born to become powerful and help the nation. If you did not exist, *ya ba* [methamphetamines] would never be got rid of for sure.... Since the time of Field Marshal Sarit Thanarat, now it’s you who has appeared as someone important to save the nation at the right moment.... Don’t bother putting drug traders in jail.... The sin from killing a *ya ba* trader is the same as from killing one mosquito. Nothing to be afraid of. (*Matichon raiwan*, 30 September 2003)

While Thaksin seems to be drawing on local political tradition, there are also strong parallels with leaders in Latin America, particularly [Luiz Inacio] Lula da Silva in Brazil,

Hugo Chavez in Venezuela, and past examples like Alberto Fujimori in Peru. Analysts of Latin America have labeled such regimes as “neo-liberal populist” because they combine two things (Jayasuriya and Hewison 2004). In their external policy, they conform to the open economy model favored by neo-liberals. In their internal policy, they woo the poor with subsidized social services, micro-credit, and handouts of various kinds, while often bypassing democratic institutions and fiercely repressing dissent. “Authoritarian liberal populism” might be a more accurate, if more clumsy, description.

These two faces of “neoliberal populism” reflect a couple of important features of medium-sized states in the former “third world” today.

First, they cannot avoid negotiating some sort of accommodation with the neoliberal world order. Here the best example is Lula in Brazil. After having won election on perhaps the most radical populist agenda seen in recent years, his first priority was to implement an economic austerity program of which the World Bank and IMF totally approved. Without the stability and external support which that program provided, his chances of avoiding yet another Brazilian economic crisis might have been slim.

Similarly, Thaksin initially frightened the international financial markets who feared he might be a real economic-nationalist after he talked about “looking inwards”. But he has since repeatedly emphasized that he will keep the economy open. Despite nationalist rhetoric such as declaring an “Independence Day” when the IMF loan was repaid early, he has not modified one single major item of the reforms the IMF imposed on Thailand. The financial markets now love him.

Second, the “authoritarian populist” nature of these regimes perhaps reflects the failure over past decades to make democracy effective in delivering political goods to the poor or to the majority of the population. Here the recall campaign against Chavez in Venezuela illustrated the issues very clearly. His opponents charged that Chavez had violated the constitution, ignored the rule of law, damaged democratic institutions, and failed to improve the economy. But Chavez appealed to the mass by promising to continue his program of expanding social services and redistributive hand-outs for the poor.

A similar division is emerging in Thailand, but so far is less emotional. Intellectuals and middle-class critics accuse Thaksin of undermining the constitution, ignoring the rule of law, and violating human rights. Thaksin has responded by offering development funds to every village, and traveling around the country handing out development funding like candy.

Implicitly, this populist approach works because the mass of the people have no reason to believe — based on past history — that democracy, human rights, and the rule of law will deliver them more than a strong populist leader. The “liberal-democratic bundle” has failed to prove itself for the mass. Why this is so is a complex issue which is beyond this paper. The point is that the way these “neoliberal populist” states behave can perhaps be explained by two variables: first, the imperative of making some accommodation with international finance and international financial institutions; second, the ability to ignore the “liberal-democratic bundle” because this bundle commands no strong base of popular support.

The business of politics

The second key way in which Thaksin differs from both the Mahathir-Lee model, and the Latin American “neoliberal populists” is that he is an enormously rich businessman, half of his cabinet members are also businessmen, and the core of his party includes representatives of other big business families. This business bias differentiates Thaksin from the other two models in both interests and image. Mahathir and Lee stand out as ideologues who had a vision how their societies could develop. Chavez and Lula are prototypical “men of the people”. But, the most prominent element of Thaksin’s image is that he is a successful businessman at the head of a party of businessmen. He calls himself a “CEO premier” and aims to convert other officials into “CEO provincial governors” and “CEO diplomats”. He lectures his Cabinet and the public on the superiority of business management practices over classical bureaucracy. He is both a business capitalist and an ideologue for business capitalism. He said: “A company is a country. A country is a company. They’re the same. The management is the same” (Chumphon 2002, 105).

The aspirations of Thailand’s big business corporations to control the state are not new. Back in the early 1980s, when Korea and Taiwan were copying Japan’s development model of close government-business cooperation, a prominent business politician promoted the idea of “Thailand Inc.” He said “We should run the country like a business firm” (Yos 1985, 196).

At that time, he was blocked by the generals. But the idea lingered. Somkid Jatusripitak, a key member of Thaksin’s economic policy team, studied in the US with Philip Kotler and Michael Porter who advocate similar ideas. Somkid published his articles in a book entitled “Thailand Inc”.

The conditions for Thai businessmen to realize this aspiration were created in 1997 by two factors: a new constitution and the economic crisis. The crisis convinced Thailand’s big businessmen that they needed to control the state – so they could run it better, and so they could use it to defend themselves against the aggressive side of globalization revealed during the crisis.

The constitution opened a door for big national businessmen to enter parliament by creating 100 new seats filled by a national vote by party. Representatives of some fifteen major business groupings were elected on Thaksin’s party list, and have since served as ministers or party officials. They have been able to contrive business-friendly policies, but also get considerable direct benefit including debt relief, new credit, access to share issues, investment privileges, and so on.

Although the constitution and crisis are short-term reasons for the business entry into politics, the trend may be long-term. The “East Asian model” pioneered by Japan has been the inspiration for Thailand’s business politicians for a long time. Money has been a major and growing force in Thai electoral and party politics over the last quarter century. So the domination by big business is a natural outcome of long-felt aspirations and the workings of the market. Thaksin’s Thai Rak Thai party costs an estimated billion baht (US\$ 25 million) a year to run, mostly in monthly allowances paid to party MPs. The source of this money is not revealed but is not difficult to guess. Hence the party and its corporate supporters are locked together. When politics is commercialized, eventually by the laws of the market big business will dominate.

Businessmen are an important part of the UMNO system in Malaysia. But they do not occupy key posts in the Cabinet and the economic policy-making process. They are clients of the political leaders. Similar relationships prevail in Latin American states. In this respect, Thaksin's Thailand is very different. Big business and politics are like Siamese twins, joined at the hip.

The only parallel with Thaksin in this respect is Silvio Berlusconi in Italy. Significantly, the business interests of Thaksin and Berlusconi are in the same general area of entertainment and telecommunications. More broadly, the coalition of businesses surrounding Thaksin suggest an interesting pattern in the accommodation between domestic capital and globalization.

Most of these businesses are in service sectors, especially telecommunications, finance, property, entertainment, tourism, and construction. Their businesses are oriented to the domestic market. Only a couple are involved in manufacturing industry, or have any significant contribution to exports. This can be interpreted as a division of spheres of interest between domestic and multinational capital. Thailand's trade and investment regime has been substantially liberalized over the past 20 years. As so much of manufacturing on a world scale is now dominated by established multinationals, Thailand has been gradually integrated into international production chains. The main manufacturing industries which also provide the majority of exports are subsidiaries and suppliers of multinational firms in sectors such as automobiles, electronics, and electrical goods. The fire sale of collapsed companies to foreign investors in the aftermath of the financial crisis in 1997 further increased the multinational presence in the Thai economy.

Service industries oriented to the domestic market can still be protected as an area of opportunity for domestic capital, but this protection requires the help of the state. Areas like telecommunications are protected by licensing and concession arrangements which impose legal limits on foreign participation. Entertainment and media are protected by national security laws. Property is protected against foreign ownership by old nationalistic legislation. And so on. In the context of increasing globalization of capital over the past two decades, the state has become a vital instrument for defending areas of opportunity for domestic capital.

Conclusion: globalization, domestic capital, and the state

To sum up, this paper looks at Thaksin's rise and his reorientation of the Thai state in some regional and international perspective. Evidently, there are some strong parallels to the effective one-party regimes of Mahathir in Malaysia and Lee in Singapore. These regimes asked their people to trade off a certain portion of rights and freedoms in order to achieve rapid economic growth and in order to establish their countries' position in the world in the face of external (and to a lesser extent, internal) threats.

But these projects of state orientation in Malaysia and Singapore were founded a generation ago, and are now being modified with transitions in leadership. Two developments at the global level over the last generation mean that the conditions are now different, and hence the nature of the state also.

First, globalization has intensified or, more exactly, the power of multinational capital has increased. This means that on the one hand, states need to make some accommodation with international finance and international financial institutions by

conforming to some portion of the neoliberal agenda. On the other hand, the state has become vital as a defensive tool to protect some economic sectors for exploitation by domestic capital. The accommodation with the neoliberal agenda is hence conditional, and the conditions are liable to constant renegotiation. Hence domestic capital is bound to take a close interest in the state.

Second, the democratization wave of the post-Cold War era saw a major rise in popular aspirations. Many states got rid of dictators and embraced democratic institutions. But now there seems to be a subtle reaction under way. On the one hand, business elites have become nervous about democratization because it courts political instability and legitimizes social agendas which demand trade-offs against economic growth. On the other hand, the “liberal-democratic bundle” of participation, rights, and the rule-of-law has failed to deliver on its promise of bringing substantial improvement for the mass of the people. This may be especially true in countries like Latin America and Thailand where the socioeconomic gap between rich and poor is very high and perhaps still getting worse. (People are getting better off in an absolute sense, but not in a relative sense.) In such circumstances, a patronage-style populism which openly disregards democratic institutions, rights, and the rule of law is able to exert strong popular appeal. When a man on a white horse comes along and say “I am doing away with all this democratic bundle, but I will give you the cash you want,” he becomes hugely popular. That is why we see a phenomenon of “authoritarian neo-liberal populism” appearing in Thailand and elsewhere.

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